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Third session
Geneva, 30–31 March 2015

Report of the Multi-year Expert Meeting on Investment, Innovation and Entrepreneurship for Productive Capacity-building and Sustainable Development on its third session

Held at the Palais des Nations, Geneva, from 30 to 31 March 2015

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Introduction

1. The third session of the Multi-year Expert Meeting on Investment, Innovation and Entrepreneurship for Productive Capacity-building and Sustainable Development was held at the Palais des Nations in Geneva, Switzerland from 30 to 31 March 2015. In line with the terms of reference established by the Trade and Development Board at its fifty-sixth executive session, the theme of the third session was "Entrepreneurship for productive capacity-building and sustainable development".

2. The meeting brought together more than 100 experts, including high-level policymakers, representatives from international and non-governmental organizations, academics, impact investors, business executives from large and small firms and, notably, women and young entrepreneurs from developing and developed countries and countries with economies in transition. The representation of many voices from the global entrepreneurial ecosystem contributed to generating exchanges based on national and institutional experiences of promoting entrepreneurship and productive capacities. The opening session highlighted the importance of entrepreneurship for sustainable development, including poverty reduction and the achievement of gender equality and environmental sustainability.

I. Chair's summary

A. Opening statements

3. The Director of the Division on Investment and Enterprise made an opening statement on behalf of the Secretary-General. He recalled the second resolution on entrepreneurship for development, adopted at the sixty-ninth session of the General Assembly in October 2014, which stressed the importance of giving appropriate consideration to the promotion of entrepreneurship in the discussions on the post-2015 development agenda. The Director emphasized that achieving sustainable development goals would require fostering a new generation of entrepreneurs with a vision for sustainable development.

4. The Director noted that the utility of small enterprises stretched beyond jobs; such entities could also be important catalysts for other goals on the development agenda. He stressed that entrepreneurship could foster inclusive economic development by opening avenues of opportunity for women and youth, and that entrepreneurship was key to unlocking innovation. Entrepreneurship had the potential to bolster efforts to solve other social and environmental concerns, and fostering small enterprises was a compelling value proposition in order to fast track progress on development imperatives. The global drive to meet development challenges and, in particular, the proactive engagement to involve the private sector, provided a clear impetus to concentrate efforts and dedicate resources to entrepreneurship development.

5. Introducing item 3 of the agenda and document TD/B/C.II/MEM.4/8 entitled "Entrepreneurship for productive capacity-building", the Head of the Enterprise Development Branch of the Division on Investment and Enterprise outlined the objectives of the meeting. She stressed that, to attain sustainable development goals, concerted efforts were needed to build the productive capacities of developing countries and countries with economies in transition. These countries faced several constraints, such as lack of infrastructure, lack of institutional support and policy measures and lack of supply

capacities, including skills, knowledge and technology. Entrepreneurship development had a key role to play in this regard.

6. UNCTAD research and policy analysis had shown that, to achieve a desired impact, entrepreneurship needed to be addressed in a systemic manner. Enterprise development policies often followed a narrow approach, overlooking some relevant policy areas that had an impact on entrepreneurship and underestimating the fact that a bottleneck in one area might become a bottleneck for other areas. To overcome such constraints, policymakers were increasingly seeking to adopt a comprehensive policy approach aimed at designing and implementing entrepreneurship policies in a coherent and coordinated manner.

7. The Head noted that UNCTAD had developed the Entrepreneurship Policy Framework to assist policymakers in these efforts. The framework identified policy objectives and options, proposed examples of practices that had achieved an impact, provided guidelines for monitoring and evaluation and suggested indicators to measure progress. More recently, the framework had been supplemented by a specific methodology to benchmark the achievements of policy implementation, assess gaps, identify priorities for further work and monitor progress. Since 2012, the framework had become a reference for Governments introducing reforms in this area, such as in Ecuador and Ghana, and had served as a basis for the collaboration of UNCTAD with the United Nations Secretariat on preparation of the report of the Secretary-General on entrepreneurship for development.[1]

8. The Chair welcomed the experts to the meeting and invited them to share their experiences of how entrepreneurship could help to build the local supply and value-addition capacity of small and medium-sized enterprises (SMEs) in developing countries.

B. Entrepreneurship for productive capacity-building
(Agenda item 3)

1. Importance of entrepreneurship policies in promoting productive capacity-building

9. Discussions during the first informal meeting highlighted recent efforts to develop inclusive entrepreneurship policies through a bottom-up approach, building on inputs from subnational regions, cities and various communities and incorporating measures to enhance access to finance and develop entrepreneurial skills. In this respect, the representative of an academic institution noted that the framework of the Global Entrepreneurship Monitor – one of the most active projects collecting comparable data on entrepreneurship indicators – had recently been revised, and included social values in entrepreneurial motivation and information on social entrepreneurship and inclusive business. The panellists for the first informal meeting included the following: a minister of the Authority for Micro, Small and Medium-sized Enterprises, Panama; the Director of Policy and Planning of the Ministry of Industry and Trade, the United Republic of Tanzania; the Small and Medium-sized Enterprise Director of the Ministry of Industry and Trade, Dominican Republic; and the Chief Executive Officer of Youth Business International, United Kingdom of Great Britain and Northern Ireland.

10. One panellist cited the five-year (2015–2019) plan for the development of micro enterprises and SMEs and entrepreneurship in Panama, and noted that the plan identified young people, women and disadvantaged minorities as priority target groups, with a special focus on young people at risk of social exclusion. The plan also adopted a regional approach to poverty reduction, encompassing initiatives aimed at encouraging formalization, promoting decent work, enhancing access to credit and diffusing entrepreneurial education. The panellist outlined the guidelines of the national

[1] A/69/320.

entrepreneurship development programme, which embedded a social dimension. In particular, the programme aimed at training people with disabilities and helping them create their own enterprises and also supported the social inclusion of disadvantaged people.

11. Another panellist noted that the economic empowerment of all citizens was among the goals in the Development Vision 2025 of the United Republic of Tanzania. The Government envisaged, by 2025, providing the poorer segments of the population with new means of economic empowerment, thereby leading to the development of a large portion of the country's economy, including through the active involvement and upgrading of domestic SMEs. The National Public–Private Partnership Policy currently in place aimed at fostering effective participation in the design and implementation of programmes and projects. The panellist emphasized the need to localize training with local practical examples and to ensure follow up, including coaching and business development services.

12. Another panellist highlighted the example of the national entrepreneurship strategy developed by the Government of the Dominican Republic, which included the establishment of collaborative workspaces and technological hubs for entrepreneurial communities, as well as the provision of mentors and angel investors. The panellist underlined the fact that the participation of youth was particularly encouraged, through promotion of youth entrepreneurship and education, as was the development of teams with diverse expertise and knowledge from different fields, aimed at promoting grassroots innovation initiatives. Finally, the panellist invited policymakers and civil servants to act in an entrepreneurial manner even when operating in public institutions, and gave examples of how this worked in the Ministry of Industry and Trade of the Dominican Republic.

13. The panellists emphasized that a systemic multi-stakeholder approach to promoting entrepreneurship was necessary to prepare aspiring entrepreneurs to solve complex, interlinked and fast-changing problems. Only a coordinated multi-stakeholder strategy could create the necessary synergies to achieve greater impact and maximize the benefits of entrepreneurship. One panellist noted, for example, the importance for the Youth Business International network of identifying good practices and how they could be replicated. The challenge lay in doing so on a large scale and there was a need, therefore, to put in place a thorough quality assurance and monitoring and evaluation system.

14. During the ensuing discussion, several delegates expressed appreciation for support by UNCTAD in fostering entrepreneurship training and culture through its Empretec and Business Linkage programmes. In particular, one delegate requested that UNCTAD assist Rwanda in its efforts to fill the gaps in the entrepreneurial culture of SMEs, including entrepreneurship and SME capacity-building through installation of the Empretec programme.

15. Another delegate urged the international community to adopt a more comprehensive approach to trade and development issues and requested that UNCTAD expand its technical assistance work on entrepreneurship and SME development by placing a stronger emphasis on sustainable development and social inclusion.

2. Upgrading of entrepreneurial skills to promote inclusive and sustainable value chains

16. During the second informal meeting, discussions focused on the importance of policies that promoted the upgrading of entrepreneurial skills to facilitate the successful integration of developing countries and countries with economies in transition into global value chains. The panellists for the second informal meeting included the following: a liaison of the Business Linkage programme from the United Republic of Tanzania; a team leader from the United Nations Development Programme; a programme officer from the Alliance for a Green Revolution in Africa, Kenya; and the Head of Corporate Relations of Lavazza, Italy.

17. The panellists noted the importance of tailored entrepreneurship policies and interventions that allowed SMEs – including those in rural communities – to participate in international production systems, benefit from technology transfer, upgrade skills and better integrate into the global economy. The panellists also stressed the importance of infusing entrepreneurship in national educational systems, instilling entrepreneurial behaviours at an early age (including in preschool) and continuing the educational process at university. Such a transformation required a holistic approach, from legislative changes to reforms in educational frameworks to create an entrepreneurial culture. In addition, such change required a shift in mentality – not only of students but first and foremost of educators – based on the principle that one must think as an entrepreneur in order to create entrepreneurs, and also required long-term support.

18. The Empretec programme was highlighted by several delegates as a global best practice of how countries could supplement formal education to build entrepreneurial skills. Other examples included the European Union-funded Entrepreneurial Skills Pass initiative, an international qualification implemented in 10 European countries that certified that secondary school students held the necessary knowledge, competencies and skills to start a venture of their own or be successfully employed. The qualification included an examination of business, economic and financial knowledge and a full-year in-school mini-company experience.

19. Two delegates acknowledged that not every student was a born entrepreneur and not all entrepreneurs were ultimately successful. They agreed, however, that the structural transformation of educational systems would allow all students to develop entrepreneurial behaviours, allow a problem-solving culture to flourish and create a basis for sustainable economic growth and development. Such a transformation could permit innovation to thrive in spite of a difficult economic context, thereby allowing necessity-driven entrepreneurs to become opportunity-driven.

20. The experts discussed the potential opportunities available in value chains across a wide range of sectors and noted the importance for countries of selecting those value chains matching their comparative advantages and sustainable development priorities. The panellists also stressed the importance of focusing on the base of the pyramid, where small actors in particular faced supply constraints in integrating into larger value chains. One panellist highlighted the Aid for Trade project as an example of effective institutional support for Governments to enhance productivity and local capacities and increase the national share of value addition, with the ultimate goal of incorporating into inclusive global value chains and achieving sustainable value chains.

21. In this context, the UNCTAD Business Linkage programme and other related initiatives were considered by one panellist as critical to facilitating the creation of inclusive value chains. The panellists noted the achievements of UNCTAD in adapting its entrepreneurial training to fit rural contexts, tailoring support to local needs and providing adequate technical and advisory services. One panellist and the secretariat provided details of a collaborative plan in the United Republic of Tanzania to develop capacities in rural communities for upgrading entrepreneurial skills and sustainability in global value chains.

22. In this respect, two panellists and one delegate emphasized the importance of tapping into the strategic interests of transnational corporations, which included an interest in increasing the competitiveness of their suppliers and supporting their closer integration into global value chains. Such corporations had an incentive to invest in improvements in product quality in their upstream firms or ensure reliable levels of supply, whereby they could become reliable partners of SME and transnational corporation linkage programmes. One panellist highlighted the positive impact that Empretec and follow-up training had had on a selected group of milk suppliers, and noted that instilling right behaviours in suppliers through workshops on practical entrepreneurship development could yield tangible

improvements in terms of quality, quantity and reliability, thus helping strengthen the supply base of participating companies.

23. Finally, the panellists noted the challenges of reaching dispersed groups of beneficiaries, particularly in the farming sector in various sub-Saharan countries with thousands of smallholding producers. They emphasized importance of creating trust between the different actors in a value chain, as well as sharing risks and burdens along all parts of a chain. The critical issue of financing to promote inclusive value chains was stressed by the panellists, and remained a major challenge to be addressed by the international community.

3. Enhancing the entrepreneurship ecosystem for youth

24. The panellists for the third informal meeting included the following: the Innovations Manager of Child and Youth Finance International, the Netherlands; the Empretec Director of Enterprise Uganda; a co-founder of Impact Hub Geneva, Switzerland; and the President and Chief Executive Officer of the Business Development Centre, Jordan.

25. The panellists agreed that there was a need to respond to the current youth employment crisis and on the importance of youth entrepreneurship as a solution to the global problem of youth unemployment. They emphasized the role of entrepreneurship in job creation and the diversification of local economies. They agreed that youth unemployment was currently a critical issue and, if not addressed effectively, had the potential to seriously damage global peace and prosperity for years to come.

26. The panellists agreed that there was a need for a common framework for developing youth entrepreneurship. UNCTAD, in collaboration with the Commonwealth, had developed *Promoting Youth Entrepreneurship: Policy Guidance* in order to respond to this need and to help policymakers in developing countries and countries with economies in transition design required policies and programmes. The guide, presented during the session, highlighted key policy elements with a significant impact on youth entrepreneurship and the need to approach them in a comprehensive manner.

27. Some delegates agreed that there was a need for an enabling environment for enterprising young people to become entrepreneurs and pointed out that international organizations such as UNCTAD played a critical role in supporting young entrepreneurs around the world.

28. The experts discussed the importance of effective entrepreneurship education for young people, in order for them to acquire the mindset, competencies and skills critical to becoming a successful entrepreneur. Building the capacity of teachers in entrepreneurship education and training was necessary to integrating entrepreneurship in curricula, and it was important to create vocational training and apprenticeship programmes for youth and for teachers to ensure the development of skills through experiential learning. The panellists emphasized that education should help to develop an entrepreneurial mindset and thinking.

29. The experts noted that a strong network of youth organization enabled young entrepreneurs to achieve a social impact. Connecting young entrepreneurs, building entrepreneurial communities and fostering physical and virtual working spaces were critical for youth entrepreneurship to grow and succeed. A youth community could provide support, trust and collaboration. In this context, one component of *Promoting Youth Entrepreneurship: Policy Guidance* recognized the importance of networks and a supportive and informative environment for entrepreneurs.

30. One panellist further stressed that enhancing the financial inclusion of young people and the capacity of the financial sector to serve youth-led start-ups was critical for youth entrepreneurship. Financial institutions and banks were unwilling to assist youth, as they

represented a high-risk client population. Cooperation between the private and public sectors could effectively and efficiently solve this constraint and increase access to finance, by helping improve the financial literacy of young people, including children. At the same time, based on the Empretec experience, the panellist noted that enhancing entrepreneurial skills such as goal setting and opportunity seeking could help entrepreneurs better understand the feasibility of their business ideas. In doing so, they could more easily identify sources of financing or turn to a more gainful business opportunity, if they determined that their venture would be unfeasible and that they would not be able to obtain financing.

31. At an informal lunch session organized in collaboration with Child and Youth Finance International, six young entrepreneurs from the Empretec and Child and Youth Finance International networks presented their businesses to a panel of delegates and impact investors. The entrepreneurs, who had been selected based on the social impacts of their companies, shared their experiences in starting up businesses aimed at addressing issues and concerns in their communities. The businesses included production of the following: low-cost construction material using three-dimensional printing, in Brazil; environmentally friendly organic briquettes, in Kenya; organic shea butter, in Ghana; and fish farms, in Uganda. The entrepreneurs detailed the obstacles they had faced in developing their businesses, as well as their enthusiasm and commitment as agents of change.

32. Discussions focused on resilience to failure as part of the entrepreneurial journey, and the importance of minimizing the stigma of business failure in entrepreneurship by providing adequate support services. Several delegates recommended that UNCTAD continue to provide training, mentoring and access to finance in order to encourage young entrepreneurs, while taking into consideration that entrepreneurs and their needs were different around the world.

4. Best practices in key areas for inclusive growth

33. At the fourth informal meeting, the experts discussed best practices in the design and implementation of programmes in key areas such as green, social and women's entrepreneurship. Lessons learned and considerations from the assessment of the impact of some national and regional programmes in these areas were noted, including technical assistance activities carried out by UNCTAD through the Empretec programme. The panellists for the fourth informal meeting included the following: the Founder and Director of the Starta Entrepreneurship Education Company, Brazil; the Manager of the Inclusive Business Action Network of the German Society for International Cooperation; the International and Global Social Entrepreneurship Network Manager for UnLtd, United Kingdom; and a professor of business economics from the Politecnico university in Milan, Italy.

34. The panellists highlighted the potential of entrepreneurship with a social impact, whose main purpose was to serve the public good, with particular attention paid to the bottom-of-the-pyramid market (four billion people), the estimated value of which was $5 trillion. The business model of social entrepreneurship aimed at creating income-generating opportunities to serve the needs of local communities. Often, however, it was a challenge for public institutions to understand the values of social entrepreneurship and thus to design and implement effective measures to encourage and sustain this type of entrepreneurship.

35. The efforts of many varied networks in promoting and supporting inclusiveness had been recognized as key in raising awareness of the positive impact that non-profit entrepreneurial activities had on society, and of their significant contribution to economic development. The underlying approach many networks had adopted was to understand the

specific support needs of social entrepreneurs and focus on individuals with entrepreneurial ideas. The panellists noted that tailoring interventions was fundamental to ensuring that support fit into varying entrepreneurial ecosystems, which by their nature were dynamic and embraced such diverse areas as human capital, policy, finance, markets and education. In addition, establishing the following two assets of social entrepreneurship was key to creating social capital and fostering inclusive growth: horizontal networks that helped people connect with others; and non-hierarchical structures that stimulated knowledge sharing and mutual learning.

36. Some experts shared success stories of youth and women's entrepreneurship, including examples related to technical assistance interventions in developing countries for connecting domestic micro enterprises and SMEs with international value chains. With regard to the experience of incubators as hubs where local technology companies could nurture innovative ideas, one expert emphasized the need to measure the real impact on the development of recipient countries and appealed to national Governments to consider whether targeted measures were in place to foster inclusive and sustainable linkages and provide the necessary safeguards to protect vulnerable groups.

37. The experts noted that empowering women to become entrepreneurs was an effective strategy towards social inclusion and cultural changes in the role of women in society. Examples of achievements by two entrepreneurs from Jordan and Uganda – recipients of Empretec Women in Business Awards – showed that the training, encouragement and recognition had helped them become role models in their communities and facilitated them in scaling up their ventures.

38. An example by one expert of a green entrepreneurship project in Nepal demonstrated how innovation could contribute to addressing climate change-related challenges. Local communities whose only option was farming were increasingly exposed to risks associated with climate change-related trends, and the entrepreneurship project promoted a more efficient use of water for irrigation in areas prone to drought. Another expert provided an example of an entrepreneurial idea to use sources of energy that were greener and less polluting. A few experts agreed on the importance of having entrepreneurs engage in developing green products and technologies, as this had the potential to enhance social inclusion and sustain economic growth.

5. Conclusions and recommendations

39. Commending UNCTAD for the relevance and usefulness of its work, many participants expressed appreciation for the opportunity to share good practices and lessons learned offered by the multi-year expert meetings and concurred that entrepreneurship could have a transformational impact in developing productive capacities. In this respect, the experts noted that the second resolution on entrepreneurship for development adopted at the sixty-ninth session of the General Assembly in October 2014 recognized the role of entrepreneurship in the post-2015 development agenda and in the attainment of sustainable development goals, and was a positive step towards the formulation of action-oriented entrepreneurship policies and their implementation.

II. Organizational matters

A. Election of officers
(Agenda item 1)

40. At its opening plenary, on 30 March 2015, the multi-year expert meeting elected Ms. Rhoda M. Jackson (Bahamas) as its Chair and Mr. Dmitry Grozoubinski (Australia) as its Vice-Chair-cum-Rapporteur.

B. Adoption of the agenda and organization of work
(Agenda item 2)

41. Also at its opening plenary, the multi-year expert meeting adopted the provisional agenda for the meeting (contained in document TD/B/C.II/MEM.4/7). The agenda was thus as follows:

1. Election of officers
2. Adoption of the agenda and organization of work
3. Entrepreneurship for productive capacity-building
4. Adoption of the report of the meeting

C. Outcome of the meeting

42. At its closing plenary, on 31 March 2015, the multi-year expert meeting agreed that the Chair should summarize the discussions.

D. Adoption of the report of the meeting
(Agenda item 4)

43. Also at its closing plenary, the multi-year expert meeting authorized the Vice-Chair-cum-Rapporteur, under the authority of the Chair, to finalize the report after the conclusion of the meeting.

Annex

Attendance[2]

1. Representatives from the following States members of UNCTAD attended the multi-year expert meeting:

Algeria
Angola
Argentina
Australia
Bahamas
Bangladesh
Belarus
Brazil
China
Côte d'Ivoire
Cuba
Democratic Republic of the Congo
Dominican Republic
Ecuador
Ethiopia
Finland
Gambia
Georgia
Ghana
Guatemala
Haiti
India
Kazakhstan
Libya
Madagascar
Mexico
Montenegro
Mozambique
Nigeria
Oman
Panama
Philippines
Saudi Arabia
Senegal
Switzerland
Thailand
Trinidad and Tobago
Turkey
Uganda
Ukraine
United Arab Emirates
United Republic of Tanzania
Uruguay
Zimbabwe

2. The following intergovernmental organizations were represented at the multi-year expert meeting:

Common Fund for Commodities
Commonwealth Secretariat
Pacific Islands Forum Secretariat
Organisation internationale de la francophonie
Organization of Eastern Caribbean States

3. The following United Nations organs, bodies and programmes were represented at the multi-year expert meeting:

Economic Commission for Latin America and the Caribbean
Economic and Social Commission for Western Asia
International Trade Centre
United Nations Development Programme
World Food Programme

[2] This attendance list contains registered participants. For the list of participants, see TD/B/C.II/MEM.4/INF.3.

4. The following specialized agencies and related organizations were represented at the multi-year expert meeting:

International Labour Organization
International Telecommunication Union

5. The following non-governmental organizations were represented at the multi-year expert meeting:

General category

International Network for Standardization of Higher Education Degrees